

Welcome to the fourth edition of Observation - the Marlborough Trust Newsletter. If you have any feedback or comments we would welcome your views.

Unit Trusts for SDLT Still Going...

Gordon Brown once again stunned the tax industry in his pre-budget report but this time for the right reason. Using private unit trusts to purchase property still does not incur SDLT. Now we all know that HMRC are monitoring the effect of this technique after SDLT avoidance now has to be disclosed for properties over £5M so it is obvious that not enough clients are using PUTs to force the government to close it down, why not?

For further information on PUTs and their use for SDLT planning contact:

nick.hannah@marlboroughtrust.com

How to make money from films

Marlborough Trust has recently assisted in launching a new fund that provides bridging loans to film productions. The fund has security by taking 100% of the film rights assigned in addition to the entire back catalogue of the producer and even a charge over the producer's house. Typically the bridge size is around \$1M on a \$10M film and the loan is repaid within 60-90 days from refinancing with a 15-20% premium. The fund targets a net 20% return p.a.

For further information on the Film Bridge Fund or any other media related topics contact:

ben.tustin@marlboroughtrust.com

Managed Trust Companies

For introducers of trust business who consistently provide referrals for offshore trust companies it may be worth considering establishing a managed trust company. This is a self branded company that trades as an independently licensed trust company albeit under the oversight and utilising the resources of an existing trust company. The advantages are that clients see a consistent brand from the introducer and also all of the referred business can be moved to an alternative service provider without the aggravation of approaching each individual client.

Furthermore the introducer can negotiate a profit share of the fees raised by the trust company and potentially it may be possible to spin out and have the managed trust company act as a stand alone operation in the fullness of time and with sufficient business levels.

Marlborough Trust currently run a number of managed trust companies and have considerable expertise in structuring this type of arrangement.

For further information on managed trust companies and related services contact:

nick.hannah@marlboroughtrust.com

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Property Development

Since Gordon Brown's obvious crackdown on everyone having fun and legitimately avoiding tax we are seeing far greater interest in more unusual and esoteric tax arrangements. One which has been of particular note is whereby non-UK domiciled property developers are undertaking UK developments through a Guernsey structure and substantially reducing corporation tax.

For further information on property development structures please contact:

adrian.howe@marlboroughtrust.com

Rent an Investment Fund

How many times have you been to the shops, caught the bus all the way home and realised you've forgotten to set up that global equity fund that you wanted? Sound familiar? Well now help is at hand with the rent-an-investment-fund feature of Marlborough Trust's very own protected cell company. For example, we recently established a Class B, open ended Euro bond fund from first client meeting to launch within 4 weeks. Fees are kept to an absolute minimum and the investment advisor benefits from the management fee profit and undertakings that they cannot be removed from their position unless a default in duties occurs.

For further information on establishing open ended invest funds contact:

Setting up Funds

Over the last 2 years Marlborough has established a number of funds for clients, both closed and open ended for a variety of different asset classes. In our experience one of the most difficult and expensive aspects of establishing a new fund is the putting together of the various parties required which can include: Administrator, Investment Advisor, Custodian, Bank, Auditor, Legal representation, Financial Services Commission, Sub-Administrator and Board of Directors. Once you have assembled the requisite parties the next hurdle is to get them to work together proactively and towards a common goal (and with commercial pragmatism!).

As a result of the lessons we have learnt going through this process so many times we are now offering a fund establishment service to our clients which starts when the idea of a fund is proposed. We will take the concept and find the best possible structure for the client, obtain fee quotes from all parties, assist in drafting the prospectus and co-ordinate the entire establishment of the fund from concept to launch. For this service we are happy to discuss charging a fixed fee that would include all other third party costs, thus allowing the client to budget appropriately for the fund establishment.

For further information on establishing new funds contact:

nick.hannah@marlboroughtrust.com

This month the directors have mainly been drinking:

Evian due to the excesses of Christmas.

Naked Grape, a refreshing Sauvignon Blanc ideal for the new year as light on the palate and easy on the stomach.

Norton Malbec, a long time favourite of Adrian Howe. The complex Malbec grape is used to great effect in this well rounded and consistent Argentinian red.

Firefinch Sauvignon Blanc, this is such a favourite with all the staff at Marlborough that we need say no more, a legend amongst the quaffing glitterati.

All available at the Wine Alley in St Peter Port, special discounts available to friends of Marlborough (particularly at this time of year).

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